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Property prices will "at least double" in next ten years, managing director of Mercury Homesearch predicts

KATIE ROYALS, 11/04/2019

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Prime central London property prices will “at least double” in the next ten years, Jeremy McGivern, managing director of Mercury Homesearch, said.

Speaking at an international families seminar this week (09/04/19), hosted by law firm Forsters, he explained that a common misconception is that house prices began falling after the Brexit vote, but they actually began falling in 2014 after George Osborne raised Stamp Duty Land Tax (SDLT) significantly. Of course, Brexit has since “prolonged and exacerbated this fall,” but it is not entirely to blame.

“The common belief is that there will be a mass exodus” from London due to Brexit, but this is simply not possible. For example, there’s talk of firms moving to Frankfurt. Goldman Sachs even caused uproar and panic in the press by reserving all the spaces in Frankfurt’s international English-speaking school. However, this only represents 80 or 90 places in total, meaning the numbers being talked about are in fact relatively small.

Even if 10,000 adults were to move to Frankfurt, this would only mean 5,000 children would, using the logic that 25 percent of the adults have two children each, Mr McGivern explained.

There is also a suggestion that individuals may work in Frankfurt, or other locations, during the week but return to the UK to be with their families at the weekends, meaning there will still be demand for UK properties.

It seems that despite the “dominant emotion” being fear, the UK “is still a very attractive place” both to live and invest in property. Even with Brexit uncertainty, the UK is still a stable and democratic country, among other benefits such as good schools, jobs and healthcare.

Fear is natural in the property market as “there’s almost always something to worry about,” be it Brexit or financial crashes. As a result, people are often cautious and only take action when they perceive it to be safe.

Taking a recent example, in 2006-7 the markets appeared to be safe, resulting in many people buying or selling properties. Of course, this was swiftly followed by a great financial crash, which saw property prices fall significantly.

This arguably suggests that "it is better to be greedy when others are fearful and that having something to worry about is actually a good thing," as it means "we are nowhere near the euphoria that signifies the end of the cycle".

The cycle will end, and prices will fall as we're in a "cycle of boom and bust". However, there is currently the largest capital base the world has ever seen and bank lending is currently fairly restricted by regulations. When these are loosened, it is likely that prices will "rocket". Then when greed fully returns, like in 2007, a crash will soon follow. The market does have the ability to recover quickly and come back stronger, much like it did after the 2008 financial crash.

This is not to say individuals should rush to their nearest estate agents and buy the first property they see. It is still important to be "incredibly selective" with properties as some will increase in value far more significantly than others, Mr McGivern explained.

He does recommend buying and indeed has done so himself, putting his money where his mouth is, as he put it.